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April 30, 2009

To: Supervisor Don Knabe, Chairman
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From: William T Fujioka
Chief Executive Officer

SACRAMENTO UPDATE

This memorandum contains notices of the Governor's declaration of a state of emergency regarding the swine flu outbreak and an upcoming joint legislative hearing on the outbreak, pursuits of County position on a bill relating to the assessment of aircraft for property tax purposes, and a bill relating to reimbursement of mental health claims, and the status of six County-advocacy bills.

Governor Declares State of Emergency for Swine Flu

Yesterday, Governor Arnold Schwarzenegger declared a state of emergency, which will help facilitate the response of California's Health and Public Health Departments to the swine flu epidemic. According to the Governor's press release, the proclamation will help to expedite government resources by ordering the State Department of Public Health and the Emergency Medical Services Authority to enter into contracts to provide services, materials, personnel, and equipment to supplement extraordinary preventive measures being taken across the State. California became the first state in the country to perform its own confirmatory testing for the swine flu, which will help to speed up detection efforts without having to send samples to the Centers for Disease Control.

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Joint Hearing on the Swine Flu Outbreak

The Joint Hearing of the Assembly and Senate Health Committees and the Select Committee on Disaster and Emergency Preparedness is scheduled to meet today to discuss the recent outbreak of the swine flu and California's preparedness to respond to the potential pandemic.

Pursuit of County Position on Legislation

AB 311 (Ma), as amended on April 2, 2009, would extend the current assessment methodology for the valuation of certificated aircraft for property tax purposes from December 31, 2010 to December 31, 2015. The current methodology was established by AB 964 of 2005 (Chapter 699). AB 964 codified an agreement between county assessors and the airline industry on the valuation of certificated aircraft. It established the Centralized Fleet Calculation Program, which ensured a uniform Statewide assessment of certificated aircraft by designating a lead county to calculate an airline's fleet value based on an agreed upon methodology.

According to the Assessor's Office, there are significant savings to counties with the centralized valuation and audit of certificated aircraft. Without a centralized valuation, every county would have to conduct its own valuation and audit of each airline that lands in its county. The Assessor's Office conducted an analysis of the time and cost to value and audit commercial airlines. Valuation costs include the gathering of information, analysis and reconciliation of data, review, travel costs for audits, and the preparation of assessment appeal cases, if necessary. Without centralized valuation, 236 additional fleet calculations would have to be made Statewide and an additional 400 assessment appeals would be expected. The total annual cost savings for counties Statewide with centralized valuation and audit is estimated to be \$3,443,600. Similar costs savings can be assumed for the airline industry.

According to the author of AB 964, the measure was necessary in order to ensure that aircraft is valued uniformly throughout the State; eliminate the need for multiple tax returns reporting the same information and multiple reviews of the information and numerous county assessment appeals; and generally avoid duplicative efforts throughout the entire assessment process.

According to the Assembly Revenue and Taxation Committee analysis, the Board of Equalization (BOE) indicates that the existing valuation methodology is a reasonable instrument to determine fair market value of certificated aircraft. The BOE also notes that extending the sunset date for the existing aircraft assessment methodology should

eliminate any discrepancies with aircraft valuation among counties and achieve the goal of uniform assessed values for aircraft in California.

The Assessor and this office support AB 311. Consistent with Board policy to support legislation to uniformly apply taxes and fees on companies competing in California, and streamlining administrative mandates to focus limited resources on services, **the Sacramento advocates will support AB 311.**

AB 311 is sponsored by the California Assessors' Association and supported by the California State Association of Counties, Alaska Airlines, American Airlines, and United Airlines. It is opposed by Southwest Airlines. AB 311 passed the Assembly Revenue and Taxation Committee by a vote of 7 to 1 on April 27, 2009, and now proceeds to the Assembly Appropriations Committee.

SB 152 (Cox), as amended on April 14, 2009, would require the State Department of Mental Health (SDMH) to send a reimbursement claim to the State Controller's Office within 90 days after the receipt of a reimbursement claim from any fee-for-service county contractor for mental health services provided to Medi-Cal beneficiaries. The 90-day timeframe would not apply to claims in the SDMH's dispute resolution process or to claims that have been returned for additional information or necessary changes. SB 152 also would require that interest accrue at a specified rate for claims that are not paid commencing on the 91st day after the receipt of a claim. That interest would be paid in equal amounts by SDMH, the State Department of Health Care Services, and the California Health and Human Services Agency.

The author indicates that this bill arises out of concern about SDMH's inability to process reimbursement claims from counties and their contractors in a timely manner. This has created a cash flow crisis in several counties and directly threatens their ability to continue providing mandated mental health services. A review submitted to the Legislature by the Department of Finance on January 31, 2008, identified "weak budgetary controls, lack of communication and coordination, and weak fiscal oversight among units" at SDMH. In a recent Senate Health Committee analysis the author also indicated that it is common practice for claims for county Medi-Cal mental health services to be held at SDMH for 90 days or longer, and that a large number of claims have been held for more than a year. SDMH currently has no statutory authority to pay interest on over-due claims.

The Department of Mental Health (DMH) notes that counties and their contractors must be reimbursed in a timely manner for mental health services rendered to adults and children in their communities, or face increased emergency room visits, homelessness, and incarcerations because of untreated mental illness. On April 1, 2008, the County

supported SB 1349 (Cox), a previous version of SB 152 which died in the Assembly Appropriations Committee.

The Department of Mental Health and this office support SB 152. Consistent with existing Board policy to support full reimbursement of Early and Periodic Screening, Diagnosis, and Treatment and SB 90 mandate claims within 90 days of the County's submission of a claim for mental health services, and prior County support for SB 1349, **the Sacramento advocates will support SB 152.**

SB 152 is sponsored by the Regional Council of Rural Counties and supported by the Board of Supervisors of Santa Clara County, California Communities United Institute, California Mental Health Directors Association, California State Association of Counties, and the Urban Counties Caucus. It is opposed by the California Department of Health Care Services. SB 152 passed the Senate Appropriations Committee on April 27, 2009 by a vote of 12 to 0, and now proceeds to the Senate Floor.

Status of County-Advocacy Legislation

County-opposed AB 128 (Coto), which would extend the period after termination of employment that a retired public safety officer could file a workers' compensation claim for cancer and be entitled to a legal presumption that the cancer was job related, passed the Assembly Insurance Committee by a vote of 7 to 1 on April 22, 2009. The bill now proceeds to the Assembly Appropriations Committee.

County-supported AB 286 (Salas), which would extend until 2018 the authority for a board of supervisors to adopt a resolution implementing an additional vehicle registration fee to fund local programs combating motor vehicle theft, passed the Assembly Transportation Committee by a vote of 5 to 2 on April 27, 2009. AB 286 now proceeds to the Assembly Appropriations Committee.

County-supported AB 383 (Lieu), which would extend the time period for the testing of DNA in specified sexual assault crimes from two years to five years, was heard in the Assembly Appropriations Committee on March 31, 2009, and placed on the Committee's suspense file.

County-opposed AB 664 (Skinner), which would expand the presumption of job-related injury to cover all hospital employees for blood borne disease, Methicillin-Resistant Staphylococcus Aureas, and all neck and back injuries for workers' compensation purposes, passed the Assembly Insurance Committee by a vote of 7 to 3 on April 23, 2009. The bill now proceeds to the Assembly Appropriations Committee.

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County-supported SB 23 (Padilla), which would require a mobile home park owner or operator to develop and implement an emergency and fire safety plan and provide appropriate emergency services training for park or community managers and on-site staff, was amended on April 21, 2009. As amended, SB 23 establishes a September 2010 deadline for the mobile home park owner or operator to develop the emergency preparedness plan. It also would require an enforcement agency to determine whether park management is in compliance with the plan. Because the amended version of SB 23 continues to encourage the development of an emergency preparedness plan in mobile home parks, **the Sacramento advocates will continue to support SB 23.**

County-opposed SB 29 (Denham), would: 1) require the California Science Center to sell the parcel of land that the Los Angeles Memorial Coliseum and the Los Angeles Memorial Sports Arena occupy, and the State's share of the Sports Arena structure; 2) rescind the agreement that established the Los Angeles Memorial Coliseum Commission; and 3) upon the completion of the sale, terminate the Joint Powers Authority among the County, City of Los Angeles, and the California Science Center. SB 29 was scheduled for a hearing in the Senate Governmental Organization Committee on April 28, 2009; however, the hearing was cancelled at the request of the author and the Sacramento advocates have learned that the measure is now a two-year bill.

We will continue to keep you advised.

WTF:GK
MAL:MR:IGEA:sb

c: All Department Heads
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